

**Kansas Administrative Regulations
Economic Impact Statement
For the Kansas Division of the Budget**

Kansas Department of Agriculture
Agency

Ronda Hutton
Agency Contact

785-564-6715
Contact Phone Number

K.A.R. 4-7-804
K.A.R. Number(s)

Submit a hard copy of the proposed rule(s) and regulation(s) and any external documents that the proposed rule(s) and regulation(s) would adopt, along with the following to: Division of the Budget
900 SW Jackson, Room 504-N
Topeka, KS 66612

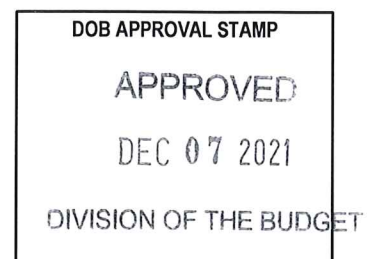
I. Brief description of the proposed rule(s) and regulation(s).

The Kansas Department of Agriculture ("KDA") is proposing revisions to K.A.R. 4-7-804 in order to update the fees for dairy laboratory analyses performed by the Kansas Department of Agriculture Laboratory ("KDAL"). The revisions are proposed because the current fee schedule in K.A.R. 4-7-804 was enacted in 2002 and no longer covers the costs associated with each laboratory analysis. Additionally, the proposed regulation offers new laboratory analyses that KDAL did not have the capacity to complete when the current regulation was adopted. Moreover, the proposed regulation will not impact other dairy laboratory analyses performed by KDAL, which KDA will continue to provide no cost to dairy licensees.

Under the proposed fee revisions, KDA will charge \$15.00, \$30.00, \$50.00, \$80.00, and \$130.00 for various types of dairy laboratory analyses specified in the regulation, which increases the rates from the existing prices of \$5.00 and \$10.00.

II. Statement by the agency if the rule(s) and regulation(s) is mandated by the federal government and a statement if approach chosen to address the policy issue is different from that utilized by agencies of contiguous states or the federal government. *(If the approach is different, then include a statement of why the Kansas rule and regulation proposed is different)*

The proposed regulation is not mandated by the federal government and only one contiguous state, Oklahoma, offers the type of dairy laboratory analyses specified in this regulation. However, the Oklahoma Department of Agriculture Laboratory's current fee schedule does not allow the laboratory to impose fees to offset the expenses it incurs in performing the analyses. The department of agriculture laboratories in Colorado, Nebraska, and Missouri do not provide dairy laboratory analyses like those specified in this regulation.



III. Agency analysis specifically addressing following:

A. The extent to which the rule(s) and regulation(s) will enhance or restrict business activities and growth;

Because KDA has historically performed very few analyses of the type specified in the proposed regulation, KDA does not anticipate the proposed regulation will enhance or restrict business activity or growth in Kansas. The Kansas Dairy Association, Kansas Farm Bureau, the Kansas Livestock Association, and all of KDA's dairy manufacturing plant licensees were consulted throughout the development of this regulation and did not express concern that the proposed regulation would restrict their business activities or growth.

B. The economic effect, including a detailed quantification of implementation and compliance costs, on the specific businesses, sectors, public utility ratepayers, individuals, and local governments that would be affected by the proposed rule and regulation and on the state economy as a whole;

The direct economic effect of the proposed regulation may vary based on the number of dairy laboratory analyses requested by dairy licensees each year. However, based on the most recent data collected during 2020 and 2021, KDA estimates that approximately \$240 in additional cost will be incurred by members of the dairy industry, who may in turn pass those increased costs on to their customers. As a result, the proposed regulation will have a minimal effect on the state economy as a whole.

C. Businesses that would be directly affected by the proposed rule and regulation;

Dairy producers and manufacturers will be directly affected by the proposed regulation, and they may pass increased costs on to their customers. However, the overall impact on Kansas businesses as a result of these proposed regulations will be minimal due to the small number of these analyses KDAL performs each year.

D. Benefits of the proposed rule(s) and regulation(s) compared to the costs;

The benefits of the proposed regulation outweigh the costs, as it will allow KDAL to cover necessary expenses in performing analyses to ensure the Kansas dairy industry produces safe and high-quality products. For example, KDAL performed a total of seven dairy laboratory analyses of the type specified in the regulation during 2020 and 2021 combined and collected a total of \$35 for those analyses. KDAL's actual cost incurred for performing those analyses was \$290.37. This resulted in a net loss to KDAL of \$255.37. If the same analyses were performed pursuant to the proposed new fee schedule, KDAL would collect \$275 and KDAL's actual cost would be \$274.35.

E. Measures taken by the agency to minimize the cost and impact of the proposed rule(s) and regulation(s) on business and economic development within the State of Kansas, local government, and individuals;

As set out in the example above, KDA has set the proposed fees at an amount that allows KDAL to cover necessary cost associated with each dairy laboratory analysis, but the proposed fees are not so high that KDAL will profit from dairy laboratory analyses.



- F. An estimate, expressed as a total dollar figure, of the total annual implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.**

The total dollar figure for the annual implementation and compliance cost reasonably expected from the proposed regulation may vary based on the number of dairy laboratory analyses requested by dairy licensees each year. However, based on the most recent data collected during 2020 and 2021, KDA estimates that approximately \$240 in additional cost will be incurred by members of the dairy industry, who may in turn pass those increased costs on to their customers.

Do the above total implementation and compliance costs exceed \$3.0 million over any two-year period?

YES ☐ NO ☒

Give a detailed statement of the data and methodology used in estimating the above cost estimate.

During 2020 and 2021, KDAL performed a total of seven dairy laboratory analyses requested by dairy licensees combined and collected a total of \$35 for those analyses. If the same analyses were performed pursuant to the proposed new fee schedule, KDAL would collect \$275. Thus, the proposed fee increases would result \$240 of additional cost placed on members of the dairy industry during a two-year period.

Prior to the submission or resubmission of the proposed rule(s) and regulation(s), did the agency hold a public hearing if the total implementation and compliance costs exceed \$3.0 million over any two-year period to find that the estimated costs have been accurately determined and are necessary for achieving legislative intent? If applicable, document when the public hearing was held, those in attendance, and any pertinent information from the hearing.

YES ☐ NO ☒

- G. If the proposed rule(s) and regulation(s) increases or decreases revenues of cities, counties or school districts, or imposes functions or responsibilities on cities, counties or school districts that will increase expenditures or fiscal liability, describe how the state agency consulted with the League of Kansas Municipalities, Kansas Association of Counties, and/or the Kansas Association of School Boards.**

KDA does not anticipate that the proposed regulation will significantly increase or decrease revenues of cities, counties or school districts, or imposes functions or responsibilities on cities, counties or school districts that will increase their expenditures or fiscal liability. Letters were sent to the League of Kansas Municipalities, the Kansas Association of School Boards, and the Kansas Association of Counties inquiring as to whether those entities believed the proposed regulation would impose increased costs or responsibilities on their members. No responses were received from those entities.



- H. Describe how the agency consulted and solicited information from businesses, associations, local governments, state agencies, or institutions and members of the public that may be affected by the proposed rule(s) and regulation(s).**

KDA consulted with and solicited information from all of KDA's dairy manufacturing plant licensees, the Kansas Dairy Association, Kansas Farm Bureau, and the Kansas Livestock Association.

- I. For environmental rule(s) and regulation(s) describe the costs that would likely accrue if the proposed rule(s) and regulation(s) are not adopted, as well as the persons would bear the costs and would be affected by the failure to adopt the rule(s) and regulation(s).**

The proposed regulation presents no environmental impact.

